

Message Text

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ACTION EB-07

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SUBJECT: PAA REFUSED IN-FLIGHT CATERING SERVICE AT
ROME/FIUMICINO AIRPORT

1. SUMMARY. BECAUSE OF JURISDICTIONAL DISPUTE BETWEEN ROME AIRPORT AUTHORITY (SOCIETA AEROPORTI DI ROMA--SAR) AND SOLE IN-FLIGHT CATERING COMPANY SEARN, FURTHER COMPLICATED BY CONFLICT BETWEEN RIVAL TRADE UNIONS AT AIRPORT, PAA WAS UNABLE OBTAIN IN-FLIGHT CATERING SERVICE AT ROME/FIUMICINO AIRPORT FOR ITS FLIGHTS 110/111 ON JANUARY 27 AND 28. LOCAL PAA REP EXPECTS PROBLEM TO CONTINUE. ONLY RPT ONLY PAA AFFECTED; ALL OTHER CARRIERS ABLE OBTAIN SATISFACTORY IN-FLIGHT CATERING SERVICE. EMBASSY BELIEVES THIS IS EXCELLENT EXAMPLE OF UNSATISFACTORY AND DISCRIMINATORY GROUND SERVICE AT ROME AIRPORTS WHICH SHOULD BE RAISED DURING USG-GOI CIVAIR CONSULTATIONS. END SUMMARY.

2. ACCORDING TO LOCAL PAA REP, CONFIRMED TO EMBOFF BY AIRPORT DIRECTOR CASAGRANDE, PAA FLIGHTS 110/111 WERE UNABLE OBTAIN PREVIOUSLY CONTRACTED FOR IN-FLIGHT CATERING SERVICE FROM FIUMICINO AIRPORT CONCESSIONAIRE SEARN (WHICH HAS MONOPOLY ON IN-FLIGHT CATERING SERVICES GRANTED BY SAR) ON JANUARY 27 AND 28. AIRCRAFTS' DEPARTURE DELAYED TWO HOURS BY THESE INCIDENTS. ON BOTH DAYS SEARN (OWNED 60 PERCENT BY ALITALIA) REFUSED TO TURN OVER IN-FLIGHT MEALS TO SAR FOR TRUCKING TO AIRCRAFT.

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UNTIL JANUARY 26, SEARN HAD BOTH PREPARED AND TRANSPORTED

IN-FLIGHT MEALS TO THE AIRCRAFT; SAR ASSUMED TRANSPORT RESPONSIBILITY ON JANUARY 27 IN FACE OF OPPOSITION FROM SEARN, WHICH WISHED CONTINUE PROVIDE "DOOR-TO-DOOR" SERVICE TO AIRLINES. ONLY RPT ONLY PAA HAS BEEN AFFECTED BY SAR-SEARN DISPUTE; OTHER CARRIERS CONTINUE TO RECEIVE SATISFACTORY SERVICE. LOCAL PAA REP STATES HE EXPECTS "BOYCOTT" TO CONTINUE AND HAS MADE ALTERNATE ARRANGEMENTS FOR PROVISIONING AIRCRAFT WHILE CONTINUING TO ORDER (REDUCED NUMBER) OF IN-FLIGHT MEALS FROM SEARN. REFUSAL OF SEARN TO RELEASE IN-FLIGHT MEALS TO SAR TO TRANSPORT TO PAA AIRCRAFT CONSTITUTES BREACH OF CONTRACT IN PAA VIEW AND PAA IS TAKING LEGAL ACTION; FOR PAA NOT TO CONTINUE TO ORDER IN-FLIGHT MEALS WOULD PROVIDE SEARN WITH EASY OUT. SEARN HAS NOT YET RESPONDED TO SEVERAL PAA REQUESTS FOR ASSURANCES THAT IN-FLIGHT MEALS WILL BE PROVIDED IN FUTURE.

3. PAA REP SUSPECTS PROBLEM MAY BE RELATED TO SEARN TAKE-OVER ON JANUARY 24 OF 20 FORMER PAA IN-FLIGHT CATERING EMPLOYEES. THIS ACTION WAS FORCED UPON SEARN BY SAR FOLLOWING LEGAL ACTION BY PAA TO REQUIRE SAR TO OBSERVE PROVISIONS OF LAW 755 OF NOVEMBER 10, 1973, AND SUBSEQUENT DECREES, BY WHICH SAR FORCED PAA, DEMONTIS AND SAS TO TURN OVER THEIR IN-FLIGHT CATERING FACILITIES AND PERSONNEL TO SAR. SEARN, HOWEVER, DID NOT WISH TO ABSORB ALL ADDITIONAL PERSONNEL, DESPITE ACTION BY SAR UNDER LAW 755, AND SEARN-SAR DISPUTE CAUSED PAA TO RETAIN SUPERFLUOUS EMPLOYEES ON ITS PAYROLL FOR MORE THAN SIX MONTHS. PAA COULD NOT, IN PRESENT LABOR SITUATION, SIMPLY COMPLY WITH ITALIAN LEGAL PROCEDURES AND DISMISS THEM; TO DO SO WOULD HAVE RESULTED IN STRIKE WHICH WOULD HAVE SHUT DOWN PAA OPERATIONS IN ITALY.

4. FURTHER COMPLICATING FACTOR IS THAT CGIL UNION AT AIRPORT SUPPORTS SEARN'S "RIGHT" TO CONTINUE "DOOR-TO-DOOR" IN-FLIGHT CATERING SERVICE (COMPLETE TO DELIVERY TO AIRCRAFT) WHILE CSIL UNION SUPPORTS SAR PERFORMING TRANSPORTATION SERVICES FROM KITCHEN TO AIRCRAFT AND WOULD LIKE TO SEE SAR ABSORB SEARN COMPLETELY.

5. BOTH SEARN AND SAR, AS IS ALITALIA, ARE IRI (ITALIAN LIMITED OFFICIAL USE

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RECONSTRUCTION INSTITUTE, A GOI FINANCIAL HOLDING COMPANY) COMPANIES. MINISTRY TRANSPORT HAS AUTHORIZED SEARN TO CONTINUE TRANSPORTING IN-FLIGHT MEALS TO AIRCRAFT, BUT SEARN IS A SAR CONCESSIONAIRE UNDER LAW 755. SAR NOTIFIED SEARN BY LETTER ON JANUARY 24 THAT, BEGINNING JANUARY 27, TRANSPORTATION OF IN-FLIGHT MEALS FROM KITCHEN TO AIRCRAFT WOULD BE ASSUMED BY SAR.

6. COMMENT. EMBASSY NOTES REMARK MADE
ON SEVERAL OCCASIONS BY ALITALIA REPS THAT PAA HAS NO
PLACE IN ITALIAN MARKET AND SHOULD ABANDON ITS SERVICES
TO/FROM ITALY. SINCE ACTION AFFECTS ONLY A US CARRIER,
PAA, IT IS CLEARLY DISCRIMINATORY. GIVEN POLITICAL
LEVERAGE OF UNIONS, HOWEVER, AND FACT THAT UNIONS DISAGREE
ON SOLUTION, EMBASSY DOES NOT EXPECT GOI TO STEP IN TO
RESOLVE DISPUTE DESPITE FACT THAT ALL RPT ALL THREE
ITALIAN COMPANIES INVOLVED ARE GOI ENTITIES. EMBASSY
RECOMMENDS THIS INCIDENT BE RAISED BY USG REPS
UNDER AGENDA ITEM "GROUND SERVICES AT ROME AIRPORTS"
DURING FEBRUARY USG-GOI CIVAIR CONSULTATIONS.VOLPE

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